
OLR Bill Analysis

sSB 351

AN ACT CONCERNING THE ASSESSMENT OF PROPOSED PRIVATIZATION CONTRACTS.

SUMMARY:

This bill expands the proposed privatization contracts for which a state contracting agency (i.e., Executive Branch agencies and higher education constituent units) must conduct a cost-benefit analysis and develop a business case to include certain contracts for services that are partly privatized. For certain other privatization contracts not subject to these requirements, it requires state contracting agencies to evaluate whether continuing them is the most cost-effective way of delivering the service.

The bill also defines the normal cost of fringe benefits for purposes of the contract privatization law as the amount of contributions required to fund the benefit, allocated to the current year of service.

EFFECTIVE DATE: July 1, 2014

PRIVATIZATION CONTRACTS

By law, if a state agency seeks to enter into a contract that privatizes services performed by state employees, it generally must conduct a cost-benefit analysis and submit to the State Contracting Standards Board a business case for the contract. Under current law, this requirement applies only to contracts for a service provided entirely by state employees. The bill applies the requirement to contracts for services that (1) were provided entirely by state employees before June 1, 2010 and (2) are currently provided directly, at least in part, by state employees.

Before entering into or renewing a contract for a service that was privatized, at least in part, before June 1, 2010, the bill requires the contracting agency to evaluate the contract to determine if continuing

it is the most cost-effective way of delivering the service. The agency must do so by determining the service's costs, which by law, are all reasonable, relevant, and verifiable expenses, including, among other things, salary, materials, supplies, overhead, and the normal cost of fringe benefits, as calculated by the comptroller. The Office of Policy and Management secretary must prescribe a template for evaluating the service and verify the agency's evaluation. The secretary may waive the evaluation requirement in exigent or emergency circumstances.

COMMITTEE ACTION

Government Administration and Elections Committee

Joint Favorable Substitute

Yea 13 Nay 0 (03/24/2014)